

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6800**

**BILL NUMBER: SB 308**

**NOTE PREPARED:** Jan 29, 2004

**BILL AMENDED:** Jan 22, 2004

**SUBJECT:** Economic Development Target Areas.

**FIRST AUTHOR:** Sen. Meeks R

**FIRST SPONSOR:**

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill authorizes a city, town, or county to waive noncompliance with certain procedures that are otherwise required before the establishment of an economic development target area and the granting of tax abatements within that area. The bill provides that a waiver of an economic development commission's failure to take action with respect to a recommendation concerning designation of an economic development target area is subject to the approval of the economic development commission.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** (Revised) The Department of Local Government Finance (DLGF) is required to adopt rules to implement provisions relating to economic development areas. Because the proposal provides that failure of an economic development commission to take action with respect to a recommendation concerning an ordinance designating an economic development target area may be waived, the DLGF may need to modify existing rules.

**Explanation of State Revenues:** (Revised) The proposal provides that a city, town, or county may waive the noncompliance of an economic development commission that fails to take action with respect to a recommendation concerning an ordinance designating an economic development target area. This provision may result in more areas being designated as economic development target areas which could result in property owners receiving deductions from the assessed value of their property. The state levies a small tax rate for State Fair and State Forestry. If the proposal results in a decrease in assessed valuation, the decrease would affect revenues collected for these two funds. The overall impact is not expected to be significant. Additionally, the revitalization of the area could subsequently result in an increase in overall assessed value.

**Explanation of Local Expenditures:** The proposal should not have a significant impact on local

expenditures.

**Explanation of Local Revenues:** Total local revenues, except for cumulative funds, would remain unchanged. If the proposal results in a decrease in assessed valuation, revenues collected for cumulative funds would decrease. Revenues would be changed by the product of the fund rate multiplied by the decrease in assessed value amount applicable to that fund. However, the revitalization of the area could subsequently result in an increase in overall assessed value.

**State Agencies Affected:** Department of Local Government Finance

**Local Agencies Affected:** Cities, towns, and counties.

**Information Sources:**

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.